

**TOWNSHIP OF HARDWICK  
COUNTY OF WARREN  
STATE OF NEW JERSEY**

**REPORT OF AUDIT  
DECEMBER 31, 2011**



TOWNSHIP OF HARDWICK

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**PART I**

**REPORT ON EXAMINATION OF FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

## **AUDITORS' REPORTS**

# ARDITO & Co., LLP

1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192  
908-996-4711 Fax: 908-996-4688  
e-mail: anthony@arditoandcompany.com



Anthony Ardito, CPA, RMA, CMFO, PSA  
Douglas R. Williams, CPA, RMA, PSA  
Anthony F. Ardito, PA, RMA, PSA

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the Township Committee  
Township of Hardwick  
County of Warren, New Jersey

I have audited the accompanying balance sheets-statutory basis of the various funds of the Township of Hardwick as of December 31, 2011 and 2010, and the related statements of operations and changes in fund balance-statutory basis for the years then ended and the related statement of revenues-statutory basis and statement of expenditures-statutory basis of the various funds for the years then ended. These financial statements are the responsibility of the Township of Hardwick's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards in the United States of America; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and Government Audit Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

As described in Note 1, the Township of Hardwick prepares its financial statements in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

-Continued-

In my opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principles in the United States of America, the financial position of the Township of Hardwick at December 31, 2011, and 2010, or the results of its operations.

However, in my opinion, the financial statements-statutory basis referred to above present fairly, in all material respects, the financial position-statutory basis of the various funds of the Township of Hardwick, as of December 31, 2011 and 2010, and the results of operations and changes in fund balance-statutory basis of such funds for the years then ended and the statement of revenues-statutory basis and statement of expenditures-statutory basis of the various funds for the years then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued my report dated May 15, 2012, on my consideration of the Township of Hardwick's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be read in conjunction with this report in considering the results of the audit.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Harwick's financial statements as a whole. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole, on the basis of accounting described in Note 1 to the financial statements.



Anthony Ardito  
Certified Public Accountant  
Registered Municipal Accountant No.524  
ARDITO & CO., LLP  
Frenchtown, New Jersey  
May 15, 2012



## **ARDITO & Co., LLP**

1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192  
908-996-4711 Fax: 908-996-4688  
e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA  
Douglas R. Williams, CPA, RMA, PSA  
Anthony F. Ardito, PA, RMA, PSA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and  
Members of the Township Committee  
Township of Hardwick  
County of Warren, New Jersey  
Hardwick, New Jersey 07825

We have audited the financial statements of the Township of Hardwick in the County of Warren, State of New Jersey, as of and for the fiscal year ended December 31, 2011 and 2010, and have issued our report thereon dated May 15, 2012, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey.

### **Internal Control Over Financial Reporting**

Management of the municipality is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Mayor and Members of the Township Committee, and to meet filing requirements for filing with the Division of Local Government Services, and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Anthony Ardito  
Certified Public Accountant  
Registered Municipal Accountant No.524  
ARDITO & CO., LLP  
Frenchtown, New Jersey  
May 15, 2012

## **FINANCIAL STATEMENTS**

CURRENT FUND  
COMPARATIVE BALANCE SHEET

A  
Sheet 1

		<u>BALANCE</u>	<u>BALANCE</u>
	<u>REF.</u>	<u>12/31/11</u>	<u>12/31/10</u>
<b>ASSETS</b>			
<b>Cash and Cash Equivalents:</b>			
Cash - Treasurer	A-4	\$ 233,404	\$ 294,290
Cash - Certificates of Deposit	A-4	100,000	100,000
Cash - Time Savings	A-4	<u>-</u>	<u>12,073</u>
<b>Subtotal</b>		<u>333,404</u>	<u>406,363</u>
 Accounts Receivable - Senior Citizens and Veterans Deductions	 A-17	 <u>956</u>	 <u>956</u>
<b>Receivables And Other Assets With Full Reserves:</b>			
Delinquent Property Taxes Receivable	A-6	124,084	164,749
Tax Title Liens Receivable	A-7	37,409	42,994
Amount Due Other Trust Fund - Open Space Tax Levy	A-16	206	-
Amount Due From Grants Fund	A	26,939	23,672
Amount Due From Dog License Fund	B	<u>-</u>	<u>204</u>
<b>Subtotal</b>		<u>188,638</u>	<u>231,619</u>
<b>Deferred Charges:</b>			
Special Emergencies	A-22	<u>75,000</u>	<u>697</u>
<b>Subtotal</b>		<u>597,998</u>	<u>639,635</u>
<b>Federal And State Grant Fund:</b>			
Amount Due General Capital Fund	C	36,123	36,123
State Grants Receivable	A-19	<u>8,000</u>	<u>8,503</u>
<b>Subtotal</b>		<u>44,123</u>	<u>44,626</u>
<b>TOTAL ASSETS</b>		<u>\$ 642,121</u>	<u>\$ 684,261</u>

CURRENT FUND  
COMPARATIVE BALANCE SHEET

A  
Sheet 2

		<u>BALANCE</u>	<u>BALANCE</u>
		<u>12/31/11</u>	<u>12/31/10</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Appropriation Reserves	A-3:10	\$ 46,998	\$ 50,169
Amount Due to Dog Fund	B	3,504	
Amount Due to Other Trust Fund	B	1,705	1,705
Taxes Collected In Advance	A-11	17,425	39,613
County Taxes Payable - Added/Omitted	A-13	2,479	7,041
Amount Due Other Trust Fund - Open Space Tax Levy	A-16	-	46,855
Reserve for Garden State Trust Fund	A-18	22,315	22,315
Reserve for Township School Obligations-Federal Impact Aid	A-21	<u>127,458</u>	<u>133,656</u>
		221,884	301,354
Reserve For Receivables And Other Assets	A	188,638	231,619
Fund Balance	A-1	<u>187,476</u>	<u>106,662</u>
<b>Subtotal</b>		<u>597,998</u>	<u>639,635</u>
<b>Federal And State Grant Fund:</b>			
Amount Due Current Fund	A	26,939	23,672
Reserve For State Grants	A-20	<u>17,184</u>	<u>20,954</u>
<b>Subtotal</b>		<u>44,123</u>	<u>44,626</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u>\$ 642,121</u>	<u>\$ 684,261</u>

CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGE IN FUND BALANCE

A-1

	<u>REF.</u>	<u>YEAR</u> <u>2011</u>	<u>YEAR</u> <u>2010</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 103,625	\$ 165,000
Miscellaneous Revenue Anticipated	A-2	378,798	323,886
Receipts From Delinquent Taxes	A-2	184,406	100,652
Receipts from Current Taxes	A-2	4,196,203	4,255,908
Non-Budget Revenues	A-2	47,430	90,154
Other Credits To Income:			
Unexpended Balance Of Appropriation Reserves	A-10	33,080	6,257
Tax Overpayments Canceled	A-12	1,604	
Interfund Returns - Grants Fund	A		2,743
Interfund Returns - General Capital	C		10,153
Interfund Returns - Dog Funds	B	205	-
Interfund Returns - Trust Funds	B	-	1,899
<b>Total Income</b>		<u>4,945,351</u>	<u>4,956,652</u>
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations:			
<b>Appropriations Within "CAP":</b>			
Operations:			
Salaries and Wages	A-3	277,150	290,145
Other Expenses	A-3	396,127	328,828
Deferred Charges and Statutory Expenditures	A-3	53,820	48,079
<b>Appropriations Excluded From "CAP":</b>			
Operations:			
Salaries and Wages	A-3	765	765
Other Expenses	A-3	13,819	13,893
Capital Improvements	A-3	-	30,000
Municipal Debt Service	A-3	78,396	85,470
County Taxes	A-13	1,437,074	1,419,495
Amount Due County For Added and Omitted Taxes	A-13	2,479	7,041
Local District School Taxes	A-14	1,398,976	1,314,889
Regional High School Taxes	A-15	1,157,045	1,252,570
Municipal Open Space Tax	A-16	15,800	47,350
Interfund Advance - State and Federal Grants Fund	A	4,255	-
Interfund Advance - Other Trust Fund	B	206	-
Refund Of Prior Years Revenue	A-4	-	12,919
<b>Total Expenditures</b>		<u>4,835,912</u>	<u>4,851,444</u>
Excess in Revenue		109,439	105,208
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	A-3	<u>75,000</u>	-
<b>Statutory Excess to Fund Balance</b>		184,439	105,208
<b>Fund Balance January 1</b>	A	<u>106,662</u>	<u>166,454</u>
		291,101	271,662
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>103,625</u>	<u>165,000</u>
<b>Fund Balance December 31</b>	A	<u>\$ 187,476</u>	<u>\$ 106,662</u>

CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 1

		<u>ANTICIPATED</u>	<u>ADDED BY</u>		
	<u>REF.</u>	<u>BUDGET</u>	<u>NJS 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS OR DEFICIT</u>
<b>Fund Balance Anticipated</b>	A-1	\$ 103,625	-	\$ 103,625	-
<b>Miscellaneous Revenues:</b>					
<b>LOCAL REVENUES:</b>					
Interest and Costs On Taxes	A-5	28,000	-	26,228	\$ (1,772)
<b>Total Local Revenues</b>		<u>28,000</u>	<u>-</u>	<u>26,228</u>	<u>(1,772)</u>
<b>STATE AID REVENUES:</b>					
Consolidated Municipal Property Tax Relief Aid	A-8	555		555	-
Energy Receipts Tax	A-8	120,404		120,404	-
Reserve for Garden State Trust Fund	A-18	22,315	-	22,315	-
<b>Total State Aid</b>		<u>143,274</u>	<u>-</u>	<u>143,274</u>	<u>-</u>
<b>UNIFORM CONSTRUCTION CODE FEES</b>	A-8	18,400	-	30,000	11,600
<b>FEDERAL AND STATE GRANT REVENUES:</b>					
Clean Communities Program	A-19	6,786		6,786	-
Municipal Alliance On Alcohol and Drug Abuse	A-19	3,149		3,149	-
Recycling Grant	A-19	-	\$ 952	952	-
<b>Total Federal and State Grant Revenues</b>		<u>9,935</u>	<u>952</u>	<u>10,887</u>	<u>-</u>
<b>OTHER SPECIAL ITEMS:</b>					
Alina Lodge-In Lieu Payments	A-8	30,000		30,000	-
Tuition Adjustment - Blairstown BOE	A-8	45,915		45,915	
Cell Tower Rentals	A-8	50,000	-	92,494	42,494
<b>Total Other Special Items</b>		<u>125,915</u>	<u>-</u>	<u>168,409</u>	<u>42,494</u>
<b>Total Miscellaneous Revenue</b>	A-1	325,524	952	378,798	52,322
<b>Receipts From Delinquent Taxes</b>	A-1	123,960	-	184,406	60,446
<b>Amount To be Raised by Taxes For Support Of Municipal Budget:</b>					
Local Tax For Municipal Purposes	A-2	352,194	-	377,186	24,992
<b>Total General Revenues</b>		<u>905,303</u>	<u>952</u>	<u>1,044,015</u>	<u>137,760</u>
<b>Non-Budget Revenues:</b>					
Other Non-Budget Revenues	A-1:2			47,430	47,430
		<u>\$ 905,303</u>	<u>\$ 952</u>	<u>\$ 1,091,445</u>	<u>\$ 185,190</u>
REF.		A-3		A-1	

CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 2

**ANALYSIS OF REALIZED REVENUES**

	<u>REF.</u>	
<b>Allocation Of Current Tax Collections:</b>		
Revenue from Collections	A-6	\$ 4,175,953
State of New Jersey, Senior Citizens and Veterans Deductions	A-6	<u>20,250</u>
		4,196,203
<b>Allocated To:</b>		
School and County Taxes	A-1	<u>3,980,195</u>
Deficiency Supported by Municipal Revenues		216,008
<b>Add (Decreased) by:</b>		
Appropriation "Reserve For Uncollected Taxes	A-3	<u>161,178</u>
Amount For Support Of Municipal Budget Appropriations	A-2	<u>\$ 377,186</u>

CURRENT FUND  
STATEMENT OF REVENUES

A-2  
Sheet 3

**ANALYSIS OF NON-BUDGET REVENUES**

Miscellaneous Revenue Not Anticipated:	<u>REF.</u>		
<b>Treasurer:</b>			
Interest on Investments		\$ 1,523	
Clerk Receipts		3,937	
Permit Fees		295	
Tax Assessments/Prints		30	
Other Trust Interest/Amounts Due		14,988	
Impact Aid		23,855	
Cable TV Fees		1,331	
Miscellaneous		588	
Vets/ Sr. Admin. Fee		<u>405</u>	
	A-4		\$ 46,952
<b>Tax Collector:</b>			
Miscellaneous	A-5		<u>478</u>
			<u>\$ 47,430</u>

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 1

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	
<b>GENERAL GOVERNMENT FUNCTIONS:</b>				
General Administration:				
Salaries and Wages	\$ 9,500	\$ 9,500	\$ 8,607	\$ 893
Other Expenses:				
Other Professional, Consultant & Services(Codification)	900	900	753	147
Levy Referendum Costs	8,000	2,600	2,530	70
Miscellaneous Other Expenses	15,700	13,700	13,361	339
Human Resources (Personnel):				
Education Program for Employees	1,200	1,250	1,217	33
Mayor and Council:				
Salaries and Wages	7,700	7,700	7,692	8
Municipal Clerk:				
Salaries and Wages	37,000	37,000	35,615	1,385
Financial Administration(Treasury):				
Salaries and Wages	15,300	15,300	15,271	29
Other Expenses	800	800	643	157
Audit Services:				
Other Expenses	17,229	17,229	17,228	1
Revenue Administration (Tax Collection):				
Salaries and Wages	13,500	13,500	13,379	121
Other Expenses	3,000	3,200	3,167	33
Tax Assessment Administration:				
Salaries and Wages	17,000	17,000	16,952	48
Other Expenses:				
Other Professional, Consultant & Services(Tax Map)	2,000	2,000		2,000
Miscellaneous Other Expenses	4,000	3,250	2,156	1,094
Legal Services (Legal Dept.):				
Other Expenses:				
Regular Counsel	32,000	29,200	23,424	\$ 5,776
Engineering Services:				
Other Expenses	15,000	15,000	14,020	980
<b>LAND USE ADMINISTRATION:</b>				
Planning Board:				
Salaries and Wages	5,600	5,600	5,587	13
Other Expenses	5,000	5,600	5,486	114
Zoning Board of Adjustment:				
Salaries and Wages	3,400	3,400	3,363	37
Other Expenses	5,000	1,700	1,649	51

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 2

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	
<b>CODE ENFORCEMENT AND ADMINISTRATION:</b>				
Code Enforcement Officer:				
Salaries and Wages	10,350	10,350	10,326	24
Other Expenses	100	100	84	16
Construction Official:				
Salaries and Wages:				
Construction Official	12,000	12,000	11,805	195
Construction Secretary	7,400	7,400	7,400	
Other Expenses	250	250	124	126
Plumbing Sub-Code Official:				
Other Expenses	2,400	2,400	2,387	13
Electrical Sub-Code Official:				
Salaries and Wages	3,900	3,900	3,580	320
Fire Protection Sub-Code Official:				
Salaries and Wages	2,600	2,600	2,561	39
Other Expenses	50	50		50
<b>INSURANCE:</b>				
Liability Insurance	49,000	50,913	50,899	14
Employee Insurance	34,513	39,300	39,159	141
Unemployment Insurance	2,300	2,300	1,720	580
Other Insurance Premiums	900	900	547	353
<b>PUBLIC SAFETY FUNCTIONS:</b>				
Office of Emergency Management:				
Salaries and Wages	1,900	1,900	1,897	3
Aid to Volunteer Fire Companies-Adjoining	9,500	9,500	9,500	
Contribution to First Aid Organizations	6,000	6,000	6,000	
Municipal Prosecutor's Office:				
Other Expenses	100	100		100
<b>PUBLIC WORKS FUNCTIONS:</b>				
Streets and Road Maintenance:				
Salaries and Wages	123,000	124,000	123,911	89
Other Expenses(Special Emergency Appropriation per N.S.J.A. 40A: 4-55, \$75,000.):				
Other Expenses - Flood Irene		75,000	56,347	18,653
Miscellaneous Other Expenses	72,400	72,400	66,016	6,384
Solid Waste Collection(Recycling Program):				
Salaries and Wages	200	200	196	4
Other Expenses	250	250	215	35
Buildings and Grounds:				
Other Expenses	5,900	7,300	7,191	109
<b>HEALTH AND HUMAN SERVICES FUNCTIONS:</b>				
Environmental Health Services:				
Other Expenses	435	435		435
Animal Control Services:				
Salaries and Wages	5,800	5,800	5,787	13
Other Expenses	500	500		500

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 3

<u>OPERATIONS-Within "CAPS"</u>	<u>APPROPRIATION</u>		<u>EXPENDED</u>	<u>RESERVED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	
<b>OTHER COMMON OPERATING FUNCTIONS:</b>				
<b>(Unclassified):</b>				
Celebration of Public Events	1,000	1,000	309	691
<b>UTILITY EXPENSES AND BULK PURCHASES:</b>				
Electricity	5,000	5,000	3,926	1,074
Street Lighting	700	700	432	268
Telephone	7,000	6,200	5,582	618
Gas (Natural or Propane)	8,000	11,000	10,614	386
Fuel Oil	6,000	8,100	7,572	528
<b>Total Operations - Within "CAPS"</b>	<b>598,277</b>	<b>673,277</b>	<b>628,187</b>	<b>45,090</b>
<b>Detail:</b>				
Salaries and Wages	276,150	277,150	273,929	3,234
Other Expenses	322,127	396,127	354,258	41,856
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN "CAPS"</b>				
<b>Deferred Charges:</b>				
Overexpenditure of Appropriations	697	697	697	
<b>Statutory Expenditures:</b>				
Social Security	23,500	23,500	21,592	1,908
Contribution to:				
PERS	29,623	29,623	29,623	
<b>Total Deferred Charges and Statutory Expenditures Within "CAPS"</b>	<b>53,820</b>	<b>53,820</b>	<b>51,912</b>	<b>1,908</b>
<b>Total General Appropriations for Municipal Purposes - Within "CAPS"</b>	<b>652,097</b>	<b>727,097</b>	<b>680,099</b>	<b>46,998</b>
<b>OPERATIONS-EXCLUDED from "CAPS"</b>				
Insurance:				
Employee Insurance	1,987	1,987	1,987	
Police Dispatch/91:				
Salaries and Wages	765	765	765	
<b>Total Other Operations-Excluded from "CAPS"</b>	<b>2,752</b>	<b>2,752</b>	<b>2,752</b>	
<b>PUBLIC &amp; PRIVATE PROGRAMS OFFSET BY REVENUES:</b>				
<b>Federal and State Grants:</b>				
Clean Communities Program:				
Other Expenses	6,786	6,786	6,786	
Recycling Tonnage Grant (C. 159):				
Other Expenses		952	952	
Municipal Alliance on Alcoholism and Drug Abuse:				
Other Expenses-State Share	3,149	3,149	3,149	
Other Expenses-Local Share	945	945	945	
<b>Total Public &amp; Private Programs Offset by Revenues</b>	<b>10,880</b>	<b>11,832</b>	<b>11,832</b>	

CURRENT FUND  
STATEMENT OF EXPENDITURES

A-3  
Sheet 4

	<u>APPROPRIATION</u>	<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>
			<u>RESERVED</u>
<b>Total Operations-Excluded from "CAPS"</b>	<b>13,632</b>	<b>14,584</b>	<b>14,584</b>
<b>Detail:</b>			
Salaries and Wages	765	765	765
Other Expenses	12,867	13,819	13,819
<b>MUNICIPAL DEBT SERVICE-</b>			
<b>EXCLUDED from "CAPS":</b>			
Payment of Notes	68,150	68,150	68,150
Note Interest	10,246	10,246	10,246
<b>Total Municipal Debt Service</b>	<b>78,396</b>	<b>78,396</b>	<b>78,396</b>
<b>Total General Appropriations for</b>			
<b>Municipal Purposes Excl. from "CAPS"</b>	<b>92,028</b>	<b>92,980</b>	<b>92,980</b>
<b>Subtotal General Appropriations</b>	744,125	820,077	773,079      46,998
<b>RESERVE FOR UNCOLLECTED TAXES</b>	161,178	161,178	161,178
<b>TOTALS</b>	<b>\$ 905,303</b>	<b>\$ 981,255</b>	<b>\$ 934,257      \$ 46,998</b>

A

	<u>REF.</u>	
Appropriation 40A:4-87	A-2	\$ 952
Budget	A-2	<u>905,303</u>
		906,255
Appropriation 40A:4-55		<u>75,000</u>
		<u>\$ 981,255</u>

		<u>TOTAL</u>	
Reserve for State Grants	A-20	\$ 11,832	
Deferred Charges	A-22	697	
Reserve for Uncollected Taxes	A-2	161,178	
Reserve for Encumbrances	A-9	<u>760,550</u>	
		<u>\$ 934,257</u>	

TRUST FUND  
COMPARATIVE BALANCE SHEET

B

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
<b><u>ASSETS</u></b>			
<b>Dog License Fund:</b>			
Cash and Cash Equivalents	B-2	\$ 1,324	\$ 6,141
Amount Due Current Fund	B-6	<u>3,504</u>	<u>-</u>
<b>Total Dog License Fund</b>		<u>4,828</u>	<u>6,141</u>
<b>Other Trust Funds:</b>			
Cash and Cash Equivalents	B-2	246,800	209,488
Amount Due Current Fund	B-7	<u>1,499</u>	<u>48,560</u>
<b>Total Other Trust Fund</b>		<u>248,299</u>	<u>258,048</u>
<b>TOTAL ASSETS</b>		<u>\$ 253,127</u>	<u>\$ 264,189</u>

**LIABILITIES, RESERVES AND FUND BALANCE**

<b>Dog License Fund:</b>			
Reserve for Dog Fund Expenditures	B-4	\$ 4,828	\$ 5,924
Amount Due State of New Jersey	B-5	-	13
Amount Due Current Fund	B-6	<u>-</u>	<u>204</u>
<b>Total Dog License Fund</b>		<u>4,828</u>	<u>6,141</u>
<b>Other Trust Fund:</b>			
Reserve for Planning Board Escrow Deposits	B-8	73,478	58,895
Reserve for Monument Escrow Deposits	B-9	-	1,730
Reserve for Driveway Bond Deposits	B-10	32,660	30,040
Reserve for Recreation Escrow Deposits	B-11	5,245	5,295
Reserve for Municipal Open Space Tax	B-12	66,598	86,816
Reserve for Environmental Commission	B-13	-	635
Reserve for Snow Removal Deposits	B-14	1,705	1,705
Reserve for COAH	B-15	62,212	72,932
Reserve for Third Party Liens	B-16	<u>6,401</u>	<u>-</u>
<b>Total Other Trust Fund</b>		<u>248,299</u>	<u>258,048</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u>\$ 253,127</u>	<u>\$ 264,189</u>

GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET

C

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/11</u>		<u>BALANCE</u> <u>12/31/10</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	C-2	\$ 53,321	\$	54,020
Deferred Charges To Future Taxation:				
Unfunded	C-4	<u>566,316</u>		<u>644,466</u>
<b>TOTAL ASSETS</b>		<b><u>\$ 619,637</u></b>		<b><u>\$ 698,486</u></b>

**LIABILITIES, RESERVES AND FUND BALANCE**

Bond Anticipation Notes Payable	C-8	\$ 531,100		609,250
Due Grants Fund	C-9	36,123		36,123
Reserve for Road Equipment	C-5	529		529
Capital Improvement Fund	C-6	35,027		35,027
Capital Fund Balance	C-1	8,160		8,160
Improvement Authorizations:				
Unfunded	C-7	<u>8,698</u>		<u>9,397</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<b><u>\$ 619,637</u></b>		<b><u>\$ 698,486</u></b>

GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL FUND BALANCE

C-1

	<u>REF.</u>	
Balance December 31, 2010	C	<u>\$ 8,160</u>
Balance December 31, 2011	C	<u>\$ 8,160</u>

GENERAL FIXED ASSETS  
STATEMENT OF GENERAL FIXED ASSETS

DECEMBER 31, 2011

F

	<u>BALANCE</u> <u>12/31/10</u>	<u>BALANCE</u> <u>12/31/11</u>
<b>General Fixed Assets:</b>		
Land	\$ 342,300	\$ 342,300
Buildings	663,337	663,337
Machinery and Equipment	<u>904,459</u>	<u>904,459</u>
<b>Total General Fixed Assets</b>	<u>\$ 1,910,096</u>	<u>\$ 1,910,096</u>
<b>Investment In General Fixed Assets</b>	<u>\$ 1,910,096</u>	<u>\$ 1,910,096</u>

PAYROLL AGENCY FUND  
COMPARATIVE BALANCE SHEET

G

	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	_____ -	_____ -
<b>TOTAL ASSETS</b>	<b>===== -</b>	<b>===== -</b>
<b><u>LIABILITIES AND RESERVES</u></b>		
Payroll Deductions Payable	_____ -	_____ -
<b>TOTAL LIABILITIES AND RESERVES</b>	<b>===== -</b>	<b>===== -</b>

## **NOTES TO FINANCIAL STATEMENTS**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 1: SUMMARY OF SIGNIFICANT POLICIES**

**A. Reporting Entity**

GASB Statement No.14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Township to be reported separately.

The financial statements of the Township of Hardwick include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as The financial statements of the Township do not include the operations of the Board of Education.

**B. Description of Funds**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America(GAAP).

The accounting policies of the Township of Hardwick conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Hardwick accounts for its financial transactions through the following separate funds, which differ from the fund structure required by GAAP.

**Current Fund**

Resources and expenditures for governmental operations of a general nature, including State grants for operations.

**Trust Funds**

Records the receipts, disbursement and custodianship of monies in accordance with the purpose for which each account was established.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)**

**B. Description of Funds (Continued)**

**General Capital Fund**

The receipts and disbursement of funds for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund. General bonds and notes payable are recorded in this fund offset by deferred charges to future taxation.

**Public Assistance Fund**

Receipt and disbursements of funds that provide assistance to certain residents of the Township pursuant to the provisions of Title 44 of New Jersey statutes.

**General Fixed Assets Account Group**

To account for all fixed assets of the Township. The Township's infrastructure is not reported in the

**C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

**Revenues**--are recorded as received in cash except for certain amounts which are due from other governmental units. Receipts from State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible of accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Expenditures**--are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Township's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts

which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

**Property Tax Revenue**--Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, Open Space and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1.

The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally.

If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid to the County by the Township quarterly on February 15, May 15, August 15 and November 15.

The Open Space Levy, is paid quarterly to the Township's other trust funds, on February 15, May 15, August 15 and November 15. When unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on April 1 in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey

Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP required tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Deferred School Taxes**--A portion of the school taxes collected at December 31 relating to the period January 1 to June 30 of the subsequent year have been included in fund balance. GAAP requires such revenue to be deferred and recognized in the accounting period when it becomes susceptible to accrual.

**Foreclosed Property**--Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

**Interfunds**--Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**Inventories of Supplies**--The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets.

**General Fixed Assets**--In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the municipality develops a fixed asset accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value.

No depreciation is to be provided for in the financial statements. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Budget and Budgetary Procedures**--The foundation of the New Jersey local finance system is the annual cash basis budget required under the Local Budget Law (N.J.S.A.40A:4-1, et seq.). Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The normal budget calendar begins early in the fiscal year with introduction, public advertisement and after state approval, budget adoption. The cash basis for revenues and budgetary basis for expenditures is the budget basis of accounting.

The Township is not required to adopt budgets for the following funds:

**General Capital Fund  
Public Assistance Fund  
Trust Fund**

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption, must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Expenditures**--Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31, are reported as expenditures through the establishment of appropriations reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

**Tax Appeals and Other Contingent Losses**--Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

**Deferred Charges to Future Taxation Funded and Unfunded**--Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A.40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

**Comparative Data** - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the municipality's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**Use of Estimates**--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)**

**C. Basis of Accounting (Continued)**

**Departures from Generally Accepted Accounting Principles**--The accounting principles and practices followed by the Township differ generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.
- Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.
- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

It was not practicable to determine the effect of such difference.

**Statutory-Basis Financial Statements**--The GASB Codification also defines the financial statements of a governmental unit to be presented to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**Note 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 2: CASH AND CASH EQUIVALENTS (Continued)**

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the municipality's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2011, all of the municipality's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The municipality does not have a policy for custodial credit risk.

As of December 31, 2011, cash and cash equivalents of the municipality consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Total</u>
Checking	\$ 534,849	\$ 534,849
Certificate of Deposit	<u>100,000</u>	<u>100,000</u>
Total	<u>\$ 634,849</u>	<u>\$ 634,849</u>

The carrying amount of the municipality's cash and cash equivalents at December 31, 2011, was \$634,849 and the bank balance was \$672,852. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$535,584 was covered by federal depository insurances and \$137,268 was covered by collateral pool.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 2: CASH AND CASH EQUIVALENTS (Continued)**

Investments

Pursuant to the Enabling Act, the funds of the municipality may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the municipality may approve.

In order to maximize liquidity, the municipality utilizes the New Jersey Cash Management Fund ("NJCMF") as its sole investments. The NJCMF is administered by the New Jersey Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At December 31, 2011, the municipality's balance was -0-.

**Custodial Credit Risk:** Pursuant to GASB 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk disclosure. The municipality does not have a policy for custodial credit risk.

**Credit Risk:** The municipality does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

**Interest Rate Risk:** The municipality does not have a policy to limit interest rate risk. The average maturity of the municipality's investments is less than one year.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 3: LONG-TERM DEBT**

The Local Bond Law governs the issuance of bonds and notes to finance general municipal expenditures. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued by temporarily finance capital projects, must be paid off within ten years or retired by issuance of bonds.

The Township debt is summarized as follows:

**Summary of Municipal Debt**

	YEAR <u>2011</u>	YEAR <u>2010</u>	YEAR <u>2009</u>
<b><u>Issued</u></b>			
General:			
Bonds and Notes	\$ 531,100	\$ 609,250	\$ 687,400
Total Deductions	-	-	-
Net Debt Issued	531,100	609,250	687,400
<b><u>Authorized But Not Issued</u></b>			
General:			
Bonds and Notes	35,216	35,216	816
<b>Net Bonds and Notes Issued and Authorized But Not Issued</b>	<b>\$ 566,316</b>	<b>\$ 644,466</b>	<b>\$ 688,216</b>

**Summary of Statutory Debt Condition - Annual Debt Statement**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .25%.

	<b><u>Gross Debt</u></b>	<b><u>Deductions</u></b>	<b><u>Net Debt</u></b>
General Debt	\$ 566,316	-	\$ 566,316
	<b>\$ 566,316</b>	<b>\$ -</b>	<b>\$ 566,316</b>

Net Debt \$566,316	Divided by Equalized Valuation Basis per	
N.J.S.A. 40A:2-2 as amended,	\$222,320,783	= 0.25%

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 3: LONG-TERM DEBT (Continued)**

**Borrowing Power Under N.J.S.A. 40A:2-6 As Amended**

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 7,781,227
Net Debt	<u>566,316</u>
Remaining Borrowing Power	<u>\$ 7,214,911</u>

**Bond Anticipation Notes**

The Township has outstanding at December 31, 2011, a bond anticipation note in the amount of \$531,100 payable to Lakeland Bank. This note matures on July 13, 2012. The interest rate on the note was 1.75%. Principal and interest on this note is paid from the current fund budget of the Township.

	Debt
	<u>Outstanding</u>
Total General Capital Bonds/Loans Issued Above	<u>\$ 531,100</u>

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 4: GENERAL FIXED ASSETS**

The following is a summary of changes in the general fixed assets:

	Balance Beginning <u>of Year</u>	<u>Additions</u>	Adjustments/ <u>Deletions</u>	Balance <u>End of Year</u>
Land	\$ 342,300			\$ 342,300
Buildings	663,337			663,337
Equipment	<u>904,459</u>	<u>-</u>	<u>-</u>	<u>904,459</u>
	<u>\$ 1,910,096</u>	<u>None</u>	<u>None</u>	<u>\$ 1,910,096</u>

**Note 5: FUND BALANCES APPROPRIATED**

Fund Balances at December 31, 2011, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2012, were as follows:

Current Fund - \$ 105,398 \*

\* - Introduced

**Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, \$75,000 in 2011 special emergency expenses related to Hurricane Irene were deferred. One-fifth of the deferred charges were appropriated in the 2012 budget, with the remaining balance to be appropriated in subsequent budgets.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 7: SCHOOL TAXES**

Local District Tax and Regional High School Tax have been raised and liabilities deferred by statute (under provisions of C.63, P.L.1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	<b>TOTAL DEFERRED TAX <u>12/31/11</u></b>	<b>LOCAL DISTRICT SCHOOL TAX BALANCE <u>12/31/11</u></b>	<b>BALANCE <u>12/31/10</u></b>	<b>TOTAL DEFERRED TAX <u>12/31/10</u></b>	<b>REGIONAL HIGH SCHOOL TAX BALANCE <u>12/31/11</u></b>	<b>BALANCE <u>12/31/10</u></b>
Balance of Tax		-	-		-	-
Deferred		\$ 722,769	\$ 676,207		\$ 539,651	\$ 617,393
Tax Payable		<u>\$ 722,769</u>	<u>\$ 676,207</u>		<u>\$ 539,651</u>	<u>\$ 617,393</u>
Tax Deferred	<u>\$ 1,262,420</u>			<u>\$ 1,293,600</u>		

**Note 8: PENSIONS**

**Description of Plans** - All required employees of the Township are covered by the Public Employees' Retirement System which has been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 8: PENSIONS (Continued)**

**Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Significant Legislation** - Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Township's normal contributions to the Fund may be reduced based on the revaluation of assets.

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

**Three-Year Trend Information for PERS**

<u>Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$29,623	100%	-0-
2010	\$24,384	100%	-0-
2009	\$12,181	100%	-0-

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 9: POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The Municipality does not provide post-employment benefits other than pension.

**Note 10: LEASES**

The Township has not entered into any long-term lease agreements except for equipment which can be capitalized as installment purchases of fixed assets in accordance with Technical Accounting Directive No. 85-2.

**Note 11: ACCRUED SICK AND VACATION BENEFITS**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the liability related to unused sick pay.

The Township has permitted employees to accrue unused sick pay for limited days, which may be paid or otherwise resolved at a later date at an agreed upon rate. There is provision for accruing of vacation days if not currently used.

In accordance with New Jersey principles, the amount is not reported as an expenditure or liability in the financial statements.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 12: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

The Township participated in a number of state assisted grant programs administered at the state level. These programs, exclusive of the single audit concept, can be subject to program compliance audits by the grantors or their representatives. Accordingly, the Township's compliance with certain applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

**LITIGATION**

There are several pending lawsuits in which the Township is involved. The Township estimates that the potential claims against the Township not covered by insurance resulting from such litigation would not materially affect the financial statements of the Township.

**Note 13: OTHER REQUIRED DISCLOSURES**

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

- A. Summary disclosures of debt service requirements for all types of outstanding debt. This requirement is met by Note 3.
- B. Summary disclosures of changes in general fixed assets by major asset class. This requirement is met by Note 4.
- C. Summary disclosures of changes in general long-term debt. This requirement is met by Note 3.
- D. Excesses of expenditures over appropriations in individual funds. There were no excess of expenditures over appropriations in any of the individual funds where budgets were required or employed as a management control device.
- E. Deficit fund balances or retained earnings balances of individual funds. There were no deficits in fund balances or retained earnings in any of the individual funds, except as noted in Note 6.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

**Note 13: OTHER REQUIRED DISCLOSURES (Continued)**

F. Individual fund interfund receivable and payable balances. All interfund receivable and payable balances outstanding at the beginning of the fiscal period were fully liquidated during the fiscal period, with the following exceptions outstanding at December 31, 2011:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 27,145	\$ 5,209
Dog License Fund	3,504	-
Other Trust Funds	1,499	-
General Capital Fund	-	36,123
Grants Fund	<u>36,123</u>	<u>26,939</u>
	<u>\$ 68,271</u>	<u>\$ 68,271</u>

**Note 14: RISK FINANCING**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage. There were no significant reductions in insurance coverage from coverage in the prior year.

**PART II**  
**SUPPLEMENTARY INFORMATION**

## **CURRENT FUND SCHEDULES**

CURRENT FUND  
SCHEDULE OF CASH -- TREASURER

A-4

	<u>REF.</u>	<u>CURRENT FUND</u>
Balance December 31, 2010	A	\$ 406,363
<b>Increased by Receipts:</b>		
Collector	A-5	\$ 4,366,481
Miscellaneous Revenue Not Anticipated	A-2	46,952
Revenue Accounts Receivable	A-8	319,368
Amount Due State of N.J. for Senior Citizens/Veterans Deductions	A-17	20,250
Amount Due Dog License Fund	B	3,504
Garden State Trust Aid - CY2012	A-18	22,315
State Grants	A-19	10,821
		<u>4,789,691</u>
		5,196,054
<b>Decreased by Disbursements:</b>		
Interfund Advances	A	214
Reserve for Encumbrances	A-9	760,550
Prior Year Appropriation Reserves	A-10	17,089
County Taxes	A-13	1,444,115
Local District School Tax	A-14	1,398,976
Regional High School Tax	A-15	1,157,045
Municipal Open Space	A-16	62,861
State Grant Funds	A-20	15,602
Federal Impact Aid Reserve	A-21	6,198
		<u>4,862,650</u>
Balance December 31, 2011	A	<u>\$ 333,404</u>

CURRENT FUND  
SCHEDULE OF CASH -- COLLECTOR

A-5

	<u>REF.</u>		
<b>Received:</b>			
Interest and Costs on Taxes	A-2	\$ 26,228	
Miscellaneous Revenue Not Anticipated	A-2	478	
Taxes Receivable	A-6	4,309,712	
Tax Title Liens	A-7	11,034	
2012 Prepaid Taxes	A-11	17,425	
Tax Overpayments	A-12	<u>1,604</u>	<u>\$4,366,481</u>
Payments to Treasurer	A-4		<u>\$4,366,481</u>



CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

A-7

	<u>REF.</u>	
Balance December 31, 2010	A	\$ 42,994
<b>Increased by:</b>		
Transfers from Taxes Receivable	A-6	<u>5,449</u>
		48,443
<b>Decreased by:</b>		
Paid	A-5	<u>11,034</u>
Balance December 31, 2011	A	<u>\$ 37,409</u>

CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

A-8

	<u>BALANCE</u> <u>12/31/10</u>	<u>ACCRUED</u> <u>IN 2011</u>	<u>COLLECTED</u> <u>BY</u> <u>TREASURER</u>	<u>BALANCE</u> <u>12/31/11</u>
Construction Code Department:				
Fees and Permits		\$ 30,000	\$ 30,000	-
Alina Lodge-In Lieu Payments		30,000	30,000	
Tuition Adjustment - Blirstown BOE		45,915	45,915	
Cell Tower Rentals		92,494	92,494	
Consolidated Municipal Property Tax Relief Aid		555	555	
Energy Receipts Tax		120,404	120,404	
Garden State Trust Fund		22,315	22,315	
 Totals	-	\$ 341,683	\$ 341,683	-

REF.

A

A-2

A

Received by Treasurer	\$ 319,368
Transfers From Reserve-Garden State Trust	<u>22,315</u>
	<u>\$ 341,683</u>

CURRENT FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE

A-9

REF.

<b>Increased by:</b>			
Charges to 2011 Budget Appropriations	A-3	\$ <u>760,550</u>	\$ <u>760,550</u>
<b>Decreased by:</b>			
Payments	A-4		\$ <u>760,550</u>

CURRENT FUND  
SCHEDULE OF APPROPRIATION RESERVES - 2010

A-10

	<u>BALANCE</u>	<u>BALANCE</u>	<u>PAID OR</u>	<u>BALANCE</u>
	<u>12/31/10</u>	<u>AFTER</u>	<u>CHARGED</u>	<u>LAPSED</u>
		<u>TRANSFERS</u>		
Genral Administration:				
Other Expenses	\$ 900	\$ 900	\$ 895	\$ 5
Codification of Ordinances	295	295	295	
Finance Administration:				
Other Expenses	599	599	70	529
Tax Collection:				
Other Expenses	504	504	214	290
Engineering Services:				
Other Expenses	9,627	9,627	9,627	
Planning Board:				
Other Expenses	7,775	7,775	689	7,086
Zoning Board:				
Other Expenses	3,616	3,616	30	3,586
Code Enforcement:				
Other Expenses	136	136	32	104
Road Repairs and Maintenance:				
Other Expenses	6,638	6,638	3,033	3,605
Building and Grounds:				
Other Expenses	945	945	260	685
Electricity	774	774	481	293
Street Lighting	221	221	31	190
Telephone	1,203	1,203	456	747
Fuel Oil	1,038	1,038	976	62
All Accounts - No Change	15,898	15,898		15,898
 TOTALS	 <u>\$ 50,169</u>	 <u>\$ 50,169</u>	 <u>\$ 17,089</u>	 <u>\$ 33,080</u>
REF.		A	A-4	A-1

CURRENT FUND  
SCHEDULE OF TAXES COLLECTED IN ADVANCE

A-11

	<u>REF.</u>	
Balance December 31, 2010	A	\$ 39,613
<b>Increased by:</b>		
2012 Taxes Collected in Advance	A-5	<u>17,425</u>
		57,038
<b>Decreased by:</b>		
Applied to 2011 Taxes Receivable	A-6	<u>39,613</u>
Balance December 31, 2011	A	<u>\$ 17,425</u>

CURRENT FUND  
SCHEDULE OF TAX OVERPAYMENTS

A-12

REF.

**Increased by:**

2012 Tax Overpayments

A-5

\$ 1,604

**Decreased by:**

Canceled

A-1

\$ 1,604

CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE

A-13

	<u>REF.</u>	
Balance December 31, 2010	A	\$ 7,041
<b>Increased by:</b>		
2011 Levy:		
County Taxes	A-1:6	\$ 1,192,179
County Library Taxes	A-1:6	109,136
County Open Space Tax	A-1:6	135,759
Added and Omitted Taxes	A-1:6	<u>2,479</u> \$ 1,439,553
<b>Decreased by:</b>		
Payments	A-4	<u>1,444,115</u>
Balance December 31, 2011	A	<u>\$ 2,479</u>

CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

A-14

	<u>REF.</u>		
<b>Balance December 31, 2010:</b>			
School Tax Payable		-	
School Tax Deferred		<u>\$ 676,207</u>	\$ 676,207
<b>Increased by:</b>			
Levy - School Year July 1, 2011 to June 30, 2012	A-6	<u>1,445,538</u>	2,121,745
<b>Decreased by:</b>			
Payments	A-4	<u>1,398,976</u>	
<b>Balance December 31, 2011:</b>			
School Tax Payable	A	-	
School Tax Deferred		<u>722,769</u>	<u>\$ 722,769</u>
<b>2011 Liability for Local District School Tax:</b>			
Tax Paid			\$ 1,398,976
Tax Payable 12/31/11		<u>722,769</u>	<u>2,121,745</u>
Less: Deferred School Taxes at 12/31/11			46,562
Less -- Tax Payable 12/31/10		<u>676,207</u>	<u>676,207</u>
<b>Amount Charged to 2011 Operations</b>	A-1		<u>\$ 1,398,976</u>

CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE

A-15

	<u>REF.</u>		
<b>Balance December 31, 2010:</b>			
School Tax Payable			
School Tax Deferred		<u>\$ 617,393</u>	\$ 617,393
<b>Increased by:</b>			
Levy - School Year July 1, 2011 to June 30, 2012	A-6	1,079,303	<u>1,696,696</u>
<b>Decreased by:</b>			
Payments	A-4	<u>1,157,045</u>	
<b>Balance December 31, 2011:</b>			
School Tax Payable	A	-	
School Tax Deferred		<u>539,651</u>	<u>\$ 539,651</u>
<b>2011 Liability for Regional High School Tax:</b>			
Tax Paid			\$ 1,157,045
Tax Payable 12/31/10		<u>539,651</u>	<u>1,696,696</u>
Add -- 2011/2012 Levy Reduction - Reversal of Deferred Taxes			77,742
Less -- Tax Payable 12/31/09			<u>617,393</u>
<b>Amount Charged to 2011 Operations</b>	A-1		<u>\$ 1,157,045</u>

CURRENT FUND  
SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

A-16

	<u>REF.</u>	
Balance December 31, 2010	A	\$ 46,855
<b>Increased by:</b>		
2011 Levy:		
Open Space Tax	A-6	<u>15,800</u>
		62,655
<b>Decreased by:</b>		
Payments to Trust Fund	A-4	<u>62,861</u>
Balance December 31, 2011	A	<u>\$ (206)</u>

CURRENT FUND  
SCHEDULE OF AMOUNT DUE TO STATE OF NEW JERSEY FOR  
SENIOR CITIZENS AND VETERANS DEDUCTIONS

A-17

	<u>REF.</u>		
Balance December 31, 2010	A	\$	(956)
<b>Increased by:</b>			
Senior Citizens Deductions Disallowed By Tax Collector			-
Received in Cash from State	A-4	\$ 20,250	<u>20,250</u>
			19,294
<b>Decreased by:</b>			
Veterans Deductions per Tax Billings	A-6	16,250	
Senior Citizens Deductions per Tax Billings	A-6	4,000	
Senior Citizens Deductions Allowed By Tax Collector	A-6	<u>-</u>	<u>20,250</u>
Balance December 31, 2011	A	\$	<u>(956)</u>
<b><u>ANALYSIS OF BALANCE:</u></b>			
Amount Due To State of N.J. -- Pre 1/1/78		\$ 2,015	
Amount Due From State of N.J. -- Post 1/1/78		<u>(2,971)</u>	<u>\$ (956)</u>

CURRENT FUND  
SCHEDULE OF RESERVE FOR GARDEN STATE TRUST FUND

A-18

	<u>REF.</u>	
Balance December 31, 2010	A	\$ 22,315
<b>Increased by:</b>		
Garden State Trust Funds	A-4	<u>22,315</u> 44,630
<b>Decreased by:</b>		
Realized as Revenue	A-2:8	<u>22,315</u>
Balance December 31, 2011	A	<u>\$ 22,315</u>

CURRENT FUND  
SCHEDULE OF STATE GRANTS RECEIVABLE

A-19

<u>PURPOSE</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>RECEIVABLE</u>	<u>RECEIVED</u>	<u>CANCELED</u>	<u>BALANCE</u> <u>12/31/11</u>
ESP Grant	\$ 3,000				\$ 3,000
Municipal Alliance	503	\$ 3,149	\$ 3,096	\$ 556	
Clean Communities Program		6,786	6,773	13	
Recycling Tonnage Grant		952	952		
Storm Water Grant	5,000				5,000
Totals	<u>\$ 8,503</u>	<u>\$ 10,887</u>	<u>\$ 10,821</u>	<u>\$ 569</u>	<u>\$ 8,000</u>
REF.	A	A-2	A-4	A-1	A

CURRENT FUND  
SCHEDULE OF STATE GRANTS

A-20

	<u>BALANCE</u>		<u>TRANSFER</u>	<u>FROM</u>		<u>BALANCE</u>
	<u>12/31/10</u>	<u>2011 BUDGET</u>	<u>APPROPRIATIONS</u>	<u>EXPENDED</u>	<u>EXPENDED</u>	<u>12/31/11</u>
ESP Grant	\$ 3,000					\$ 3,000
Municipal Alliance - County Share	2,486	\$	3,149	\$	2,905	2,730
Municipal Alliance - Township Share	2,010		945		848	2,107
Clean Communities Grant - CY 11			6,786			6,786
Clean Communities Grant - CY 10	6,786				5,495	1,291
Clean Communities Grant - CY 09	5,108				5,108	
Clean Communities Grant - CY 08	564				564	
Recycling Tonnage Grant			952			952
NJLM Education Foundation Grant	1,000				682	318
<b>Totals</b>	<u>\$ 20,954</u>	<u>\$</u>	<u>11,832</u>	<u>\$</u>	<u>15,602</u>	<u>\$ 17,184</u>
REF.	A		A-3		A-4	A

CURRENT FUND  
SCHEDULE OF RESERVE FOR TOWNSHIP SCHOOL OBLIGATIONS

A-21

	<u>REF.</u>	
Balance December 31, 2010	A	\$133,656
<b>Decreased by:</b>		
Payments	A-4	<u>\$ 6,198</u>
Balance December 31, 2011	A	<u>\$127,458</u>

CURRENT FUND  
SCHEDULE OF DEFERRED CHARGES

A-22

	BALANCE	2011	RESULTING	BALANCE
	<u>12/31/10</u>	<u>BUDGET</u>	<u>FROM 2011</u>	<u>12/31/11</u>
Special Emergency - Hurricane Irene NJS 40A:4-55			\$ 75,000	\$ 75,000
Over-expenditure of Appropriations	\$ 697	\$ 697		
<b>Totals</b>	<b>\$ 697</b>	<b>\$ 697</b>	<b>\$ 75,000</b>	<b>\$ 75,000</b>
REF.	A	A-3	A-3	A

# **TRUST FUND SCHEDULES**

TRUST FUND  
SCHEDULE OF CASH - TREASURER

B-2

		DOG	
	<u>REF.</u>	<u>LICENSES</u>	<u>OTHER</u>
Balance December 31, 2010	B	\$ 6,141	\$ 209,488
<b>Increased by Receipts:</b>			
Accounts Receivable	B-3	3,917	
Amount Due Current Fund	B-6:7	7	46,855
Planning Board Escrow Deposits	B-8		23,733
Monument Escrow Deposits	B-9		1
Driveway Bond Deposits	B-10		3,756
Recreation Escrow Deposits	B-11		450
Special District Tax - Open Space	B-12		16,165
COAH Receipts	B-15	-	2,990
Lien Receipts	B-16	-	76,388
<b>Total Receipts</b>		<u>3,924</u>	<u>170,338</u>
		<u>10,065</u>	<u>379,826</u>
<b>Decreased by Disbursements:</b>			
Expenditures Under R.S. 4:29-15.11	B-4	4,305	
State Dog License Fees	B-5	721	
Amount Due Current Fund	B-6:7	3,715	
Escrow Trust Deposits Refunded	B-8		9,150
Monument Escrow Refunds	B-9		1,731
Driveway Bond Deposits Refunded	B-10		1,136
Recreation Escrow Payments	B-11		500
Special District Tax - Open Space	B-12		36,177
Environmental Commission	B-13		635
COAH Payments	B-15		13,710
Lien Refunds	B-16	-	69,987
<b>Total Disbursements</b>		<u>8,741</u>	<u>133,026</u>
Balance December 31, 2011	B	<u>\$ 1,324</u>	<u>\$ 246,800</u>

TRUST FUND  
SCHEDULE OF ACCOUNTS RECEIVABLE - DOG REGISTRAR

B-3

REF.

**Increased By:**

Due to State	B-5	\$ 708	
Dog Fees	B-4	<u>3,209</u>	<u>\$ 3,917</u>
			3,917

**Decreased By:**

Collections	B-2		<u>\$ 3,917</u>
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TRUST FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES

B-4

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 5,924
<b>Increased by:</b>		
Dog License Fees	B-3	<u>3,209</u>
		9,133
<b>Decreased by:</b>		
Expenditures Under R.S.4:29-15.11.	B-2	<u>4,305</u>
Balance December 31, 2011	B	<u>\$ 4,828</u>

<u>LICENSE FEES</u>	
<u>COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2010	\$ 2,851
2009	<u>2,570</u>
	<u>\$ 5,421</u>

TRUST FUND  
SCHEDULE OF AMOUNT DUE TO STATE OF  
NEW JERSEY DEPARTMENT OF HEALTH

B-5

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 13
<b>Increased by:</b>		
Collected in 2011:		
State Board of Health Fees	B-3	<u>708</u>
		721
<b>Decreased by:</b>		
Payments	B-2	<u>\$ 721</u>

TRUST FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND  
DOG LICENSE FUND

B-6

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 204
<b>Increased by:</b>		
Interest Credits Due Current Fund	B-2	<u>      7</u> 211
<b>Decreased by:</b>		
Due Current Fund	B-2	<u>  3,715</u>
Balance December 31, 2011	B	<u>\$ (3,504)</u>

TRUST FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND  
OTHER TRUST FUND

B-7

REF.

Balance December 31, 2010	B		\$ 48,560
<b>Decreased by:</b>			
Interfund Returned-Municipal Open Space Beginning Balance	B-2	\$ 46,855	
Interfund Returned-Municipal Open Space Advance	B-12	<u>206</u>	<u>47,061</u>
Balance December 31, 2011	B		<u>\$ 1,499</u>

**Detail of Balance:**

Municipal Open Space			\$ (206)
Snow Removal Reserve			<u>1,705</u>
Total Receivables			<u>\$ 1,499</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR PLANNING BOARD ESCROW DEPOSITS

B-8

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 58,895
<b>Increased by:</b>		
Escrow Deposits	B-2	<u>23,733</u>
		82,628
<b>Decreased by:</b>		
Escrow Deposits Refunded	B-2	<u>9,150</u>
Balance December 31, 2011	B	<u>\$ 73,478</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR MONUMENT ESCROW DEPOSITS

B-9

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 1,730
<b>Increased by:</b>		
Interest Deposit	B-2	<u>      1</u> 1,731
<b>Decreased by:</b>		
Interfund Transfer	B-2	<u>\$ 1,731</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR DRIVEWAY BOND DEPOSITS

B-10

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 30,040
<b>Increased by:</b>		
Driveway Bond Deposits	B-2	<u>3,756</u>
		33,796
<b>Decreased by:</b>		
Driveway Deposits Refunded	B-2	<u>1,136</u>
Balance December 31, 2011	B	<u>\$ 32,660</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR RECREATION ESCROW DEPOSITS

B-11

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 5,295
<b>Increased by:</b>		
Receipts	B-2	<u>450</u>
		5,745
<b>Decreased by:</b>		
Payments	B-2	<u>500</u>
Balance December 31, 2011	B	<u>\$ 5,245</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE TAXES

B-12

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 86,816
<b>Increased by:</b>		
2011 Levy:		
Open Space Tax Levy	B-2	\$ 15,800
Interfund Returned	B-2	206
Interest Credits	B-2	159
		16,165
		102,981
<b>Decreased by:</b>		
Debt Service Principal and Interest	B-2	11,330
Amount Due Current Fund - Interfund Advanced	B-7	206
Open Space Expenditures	B-2	24,847
		36,383
Balance December 31, 2011	B	<u>\$ 66,598</u>

**Detail:**

Open Space Levy including Added/Omitted Taxes - 1999	\$ 10,000
Open Space Levy including Added/Omitted Taxes - 2000	10,356
Open Space Levy including Added/Omitted Taxes - 2001	10,923
Open Space Levy including Added/Omitted Taxes - 2002	14,441
Open Space Levy including Added/Omitted Taxes - 2003	43,556
Open Space Levy including Added/Omitted Taxes - 2004	44,880
Open Space Levy including Added/Omitted Taxes - 2005	45,719
Open Space Levy including Added/Omitted Taxes - 2006	46,901
Open Space Levy including Added/Omitted Taxes - 2007	46,926
Open Space Levy including Added/Omitted Taxes - 2008	47,441
Open Space Levy including Added/Omitted Taxes - 2009	47,445
Open Space Levy including Added/Omitted Taxes - 2010	47,350
Open Space Levy including Added/Omitted Taxes - 2011	15,800
Green Acres Trust - State Share for Open Space Acquisition - 2011	378,425
Warren County - County Share for Open Space Acquisition - 2004	15,000
Interest Credits	8,048
Finance Improvement Authorizations - Development Easement (Water Co. Property)	(20,000)
Disbursements for Acquisition of Open Space - 2011	(36,177)
Disbursements for Acquisition of Open Space - 2010	(467,119)
Disbursements for Acquisition of Open Space - 2009	(60,599)
Disbursements for Acquisition of Open Space - 2008	(18,066)
Disbursements for Acquisition of Open Space - 2007	(30,300)
Disbursements for Acquisition of Open Space - 2006	(12,500)
Disbursements for Acquisition of Open Space - 2005	(116,750)
Disbursements for Acquisition of Open Space - 2004 and Prior	(5,102)
	<u>\$ 66,598</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR ENVIRONMENTAL COMMISSION

B-13

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 635
<b>Decreased by:</b>		
Interfund Transfer	B-2	\$ <u>635</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR SNOW REMOVAL

B-14

	<u>REF.</u>	
Balance December 31, 2010	B	\$ 1,705
Balance December 31, 2011	B	\$ <u>1,705</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR COAH

B-15

	<u>REF.</u>	
Balance December 31, 2010	<u>B</u>	\$ 72,932
<b>Increased by:</b>		
Coah Receipts	B-2	<u>2,990</u> 75,922
<b>Decreased by:</b>		
Coah Disbursements	B-2	<u>13,710</u>
Balance December 31, 2011	B	<u>\$ 62,212</u>

TRUST FUND  
SCHEDULE OF RESERVE FOR THIRD PARTY TAX LIENS

B-16

REF.

**Increased by:**

Receipts

B-2    \$ 76,388  
          76,388

**Decreased by:**

Refunds

B-2    69,987

Balance December 31, 2011

B      \$ 6,401

# **GENERAL CAPITAL FUND SCHEDULES**

GENERAL CAPITAL FUND  
SCHEDULE OF CASH -TREASURER

C-2

	<u>REF.</u>	
Balance December 31, 2010	C	\$ 54,020
<b>Increased by:</b>		
Interest Earned	C-3	<div style="display: flex; justify-content: flex-end; align-items: center;"> <span style="margin-right: 10px;">135</span> <hr style="width: 50px; border: 0.5px solid black;"/> </div>
		54,155
<b>Decreased by:</b>		
<b>Transfer Interest to Current Fund</b>	C-3	\$ 135
Improvement Authorizations	C-7	<div style="display: flex; justify-content: flex-end; align-items: center;"> <span style="margin-right: 10px;">699</span> <hr style="width: 50px; border: 0.5px solid black;"/> </div>
		834
Balance December 31, 2011	C	<div style="display: flex; justify-content: flex-end; align-items: center;"> <span style="margin-right: 10px;">\$ 53,321</span> <hr style="width: 50px; border: 0.5px solid black;"/> </div>

GENERAL CAPITAL FUND  
SCHEDULE OF AMOUNT DUE CURRENT FUND

C-3

	<u>REF.</u>	
<b>Increased by:</b>		
Interest Earned	C-2	\$ 135
		<u>135</u>
<b>Decreased by:</b>		
Interfund Returned	C-2	\$ 135

GENERAL CAPITAL FUND  
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-4

<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE</u> <u>12/31/10</u>	<u>2011</u> <u>AUTHORIZATIONS</u>	<u>DECREASED</u> <u>BUDGET</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>ANALYSIS OF BALANCE</u>	
					<u>DEBT</u> <u>AUTHORIZED</u> <u>NOT ISSUED</u>	<u>DEBT</u> <u>ISSUED</u>
Acquisition of Loader	\$ 816			\$ 816	\$ 816	
Acquisition of Dump Truck	38,000		\$ 9,500	28,500		\$ 28,500
Acquisition of Dump Truck	33,250		6,650	26,600		26,600
Acquisition of Development Easement	70,000		10,000	60,000		60,000
Tractor, Backhoe, Resurfacing of Various Township Road:	468,000		52,000	416,000		416,000
Millbrook-Stillwater Road	34,400			34,400	34,400	
	<u>\$ 644,466</u>	<u>\$ -</u>	<u>\$ 78,150</u>	<u>\$ 566,316</u>	<u>\$ 35,216</u>	<u>\$ 531,100</u>
REF.	C	C-7	C-8	C		C-8

GENERAL CAPITAL FUND  
SCHEDULE OF RESERVE FOR ROAD EQUIPMENT

C-5

	<u>REF.</u>	
Balance December 31, 2010	C	<u>\$ 529</u>
Balance December 31, 2011	C	<u>\$ 529</u>

GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

C-6

	<u>REF.</u>	
Balance December 31, 2010	C	\$ 35,027
<b>Decreased by:</b>		
Funding of Improvement Authorizations	C-7	<u>          -</u>
Balance December 31, 2011	C	<u>\$ 35,027</u>

GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

C-7

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORDINANCE</u> <u>NUMBER</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>BALANCE</u> <u>12/31/10</u>		<u>CAPITAL</u> <u>IMPROVEMENT</u> <u>FUND</u>	<u>DEFERRED</u> <u>CHARGES</u>	<u>PAID</u>	<u>BALANCE</u> <u>12/31/11</u>	
				<u>FUNDED</u>	<u>UNFUNDED</u>				<u>FUNDED</u>	<u>UNFUNDED</u>
Tractor, Backhoe, Resurfacing of Birch Ridge Road, Maple Lane Road, and Sun Set Lake Road	2007-11	10/17/07	697,000		\$ 9,397			\$ 699		\$ 8,698
				-	\$ 9,397	\$	-	\$ 699	-	\$ 8,698
REF.				C	C	C-6	C-4	C-2	C	C

GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES

C-8

<u>IMPROVEMENT DESCRIPTION</u>	<u>ORIGINAL ISSUE</u>	<u>DATE OF ISSUE</u>	<u>MATURITIES DATE</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>BALANCE 12/31/10</u>	<u>DECREASED</u>	<u>BALANCE 12/31/11</u>
Acquisition of Loader/Dump Truck	\$95,000	7/25/04	7/13/12	\$9,500	1.75%	\$ 38,000	\$ 9,500	\$ 28,500
Acquisition of Dump Truck	\$66,500	7/22/05	7/13/12	\$6,650	1.75%	33,250	6,650	26,600
Acquisition of Development Easement	\$100,000	7/20/07	7/13/12	\$10,000	1.75%	70,000	10,000	60,000
Tractor, Backhoe, Resurfacing of Various Township Roads	\$520,000	12/5/07	7/13/12	\$52,000	1.75%	468,000	52,000	416,000
						<u>\$ 609,250</u>	<u>\$ 78,150</u>	<u>\$ 531,100</u>
REF.						C	C-4	C

GENERAL CAPITAL FUND  
SCHEDULE OF AMOUNT DUE GRANTS FUND

C-9

	<u>REF.</u>	
Balance December 31, 2010	C	\$ 36,123
<b>Increased by:</b>		
Disbursement for Millbrook-Stillwater from Grants Fund	C-7	
Balance December 31, 2011	C	<u>\$ 36,123</u>

## **PUBLIC ASSISTANCE FUND SCHEDULES**

N/A

## **SCHEDULE OF GENERAL FIXED ASSETS**

GENERAL FIXED ASSETS  
SCHEDULE OF ADDITIONS AND DELETIONS  
DECEMBER 31, 2011

F-1

	<u>BALANCE</u> <u>12/31/10</u>	<u>ADDITIONS</u>	<u>BALANCE</u> <u>12/31/11</u>
<b>General Fixed Assets:</b>			
Land	\$ 342,300		\$ 342,300
Buildings	663,337		663,337
Machinery and Equipment	<u>904,459</u>		<u>904,459</u>
<b>Total General Fixed Assets</b>	<u>\$ 1,910,096</u>	<u>-</u>	<u>\$ 1,910,096</u>

**PART III  
SUPPLEMENTARY INFORMATION**

**GENERAL COMMENTS**

**SCHEDULE OF FEDERAL/STATE AWARDS**

**STATUS OF PRIOR AUDIT FINDINGS**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS-  
GENERAL FINDINGS**

## **GENERAL COMMENTS**

## **GENERAL COMMENTS**

### **Scope of Audit**

The audit of the financial statements of the Township of Hardwick, County of Warren, New Jersey, as required by the Division of Local Government Services, covered the financial transactions of the Treasurer, Tax Collector, the activities of the Township.

### **Contracts and Agreements Requiring Advertisement for Bids**

Effective April 17, 2000, N.J.S.A.40A:11-1 et.seq (Local Public Contracts Law) was revised by P.L.1999,c.440 (originally known as Assembly Bill No. 3519). Rules and regulations pertaining to the amended law are to be promulgated by the Division of Local Government Services.

N.J.S.A. 40A:11-3 is amended to read as follows:

- a. When the cost or price of any contract awarded by the purchasing agent in the aggregate, does not exceed in the contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by resolution of the governing body without public advertising for bids and bidding therefore, except that the governing body may adopt a resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. (pending before the Legislature as section 15 of this bill) of section 9 of P.L.1971,c.198(C.40A:11-9) the governing body may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to paragraph (i) of paragraph (a) of subsection (1) of Section 5 of P.L.1971, C.198(C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. Commencing in the fifth year after the year in which P.L.1999,c.440 takes effect, and every five years thereafter, the Governor, in consultation with the Department of Treasury, shall adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish as set forth in subsection a. of this section or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in N.J.S.18A:18A-2(pending before the Legislature as section 50 of this bill), and shall round the adjustment to the nearest \$1,000. The Governor shall notify all municipal units of the adjustment no later than June 1 of every fifth year. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A.40A:11-4 (as amended) states, "Every contract or agreement for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this chapter or specifically by any other law."

Effective July 1, 2011, the bid threshold in accordance with N.J.S.A.40A:11-3(c) (as amended) is increased to \$36,000 for Qualified Purchasing Agents (QPA), and \$17,500 for units without QPA's.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

The Minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.40A:11-5.

The system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not determine whether any clear-cut violations existed.

My examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory thresholds "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.40A:11-6.

### **Collection of Interest on Delinquent Taxes and Assessments**

The statute provides the method of authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on January 5, 2011, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, that the Mayor and Committee hereby establish an interest rate of 8% per annum on amounts over \$1,500. BE IT FURTHER RESOLVED that no interest shall be charged if payment of taxes, any installment, is made within ten (10) days after the date upon which the same became payable. An additional penalty of 6% shall be added on delinquencies in excess of \$10,000 which are not paid prior to the end of the calendar year."

Under provisions of C.75, P.L. 1991 (amending N.J.S. 54:4-67), enacted March 28, 1991, the definition of tax delinquency was defined as the sum of all taxes and municipal charges due on a given parcel or property covering any number of quarters or years. In addition, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six (6%) per cent of the amount of the delinquency.

The governing body, on January 5, 2011, adopted a resolution enabling the \$10,000 delinquency penalty provisions.

The audit of the Collector's records on a test basis indicated no differences between the amount of interest payable on delinquent tax payments, based on our calculations, and the amount of interest charged.

**Delinquent Taxes and Tax Title Liens**

The delinquent taxes at December 31, 2011, include only real property items on the 2011 tax levy.

The last tax sale was held in October 26, 2011 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates from tax sales were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2011	5
2010	7
2009	8

**Verification of Delinquent Taxes and Other Charges**

Verification notices were mailed to confirm balances as of November 21, 2011. The items that were returned were compared to and are in agreement with the Township's records. For items not returned, alternative procedures were performed.

A test verification of delinquent charges and current payments was made in accordance with verification procedures approved by the Division of Local Government Services. A summary of such verification is as follows:

Type of Receivable - Real Property Tax Date of Circulars - November 21, 2011				
<u>Verification Type</u>	<u>Request Form</u>	<u>Total No. of Items</u>	<u>Total No. of Circular</u>	<u>Total No. Returned</u>
2011 Property Tax	Positive	1,792	60	20
2012 Property Tax	Positive	1,792	60	20
2011 Delinquent Tax	Negative	325	25	7

**Technical Accounting Directives**

During the calendar year 1984, the Division of Local Government Services initiated as part of the Single Audit Law, a planned revision of the Requirements of Audit to provide new accounting requirements mandated for most local government units. The revision to the Requirements of Audit and Accounting would be in order to improve fiscal accountability for all local governments, satisfy federal-state audit requirements and enhance the credibility for New Jersey municipal accounting practices with federal-state funding sources and bond rating agencies. The new requirements for most local units started January 1, 1986, unless exemption, based upon amount of federal aid received and population size, was formally secured. The Division in 1988 notified those exempted municipal units of a transition requirement for fully implementation of all accounting directives beginning in the 1989 fiscal periods. The identity and compliance status of the Township of Hardwick to these new directives are as follows:

<u>Requirement</u>	FY 2011 Required	
	<u>Yes</u>	<u>No</u>
A. General Ledger Accounting System	X	
B. Encumbrance Accounting	X	
C. Purchase Order System	X	
D. Fixed Asset Accounting and Reporting System	X	

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE-**  
**CURRENT FUND**

**REVENUE AND OTHER INCOME REALIZED**

	<u>YEAR 2011</u>	<u>%</u>	<u>YEAR 2010</u>	<u>%</u>
Fund Balance Utilized	\$ 103,625	2.10%	\$ 165,000	3.33%
Miscellaneous - From Other Than				
Local Property Tax Levies	461,117	9.32%	433,193	8.74%
Collection of Delinquent Taxes and				
Tax Title Liens	184,406	3.73%	100,652	2.03%
Collection of Current Tax Levy	4,196,203	84.85%	4,255,908	85.86%
Interfund Loans Returned	<u>          -</u>	<u>0.00%</u>	<u>      1,899</u>	<u>0.04%</u>
<b>Total Income</b>	<u>4,945,351</u>	<u>100.00%</u>	<u>4,956,652</u>	<u>100.00%</u>

**EXPENDITURES**

Budget Expenditures:				
Municipal Purposes	824,538	17.05%	797,180	16.43%
County Taxes	1,439,553	29.77%	1,426,536	29.40%
Local and Regional Taxes	2,556,021	52.85%	2,567,459	52.92%
Municipal Open Space Tax	15,800	0.33%	47,350	0.98%
Other Expenditures	<u>          -</u>	<u>0.00%</u>	<u>      12,919</u>	<u>0.27%</u>
<b>Total Expenditures</b>	<u>4,835,912</u>	<u>100.00%</u>	<u>4,851,444</u>	<u>100.00%</u>

Excess in Revenue	109,439		105,208	
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Adjustments to Income Before Fund Balance:

    Expenditures Included Above Which are by Statute

Deferred Charges to Budget of Succeeding Year	<u>      75,000</u>		<u>                  -</u>	
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Statutory Excess to Fund Balance	184,439		105,208	
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Fund Balance January 1	106,662		166,454	
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Less:

Utilization as Anticipated Revenue	<u>      103,625</u>		<u>      165,000</u>	
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Fund Balance December 31	<u>\$ 187,476</u>		<u>\$ 106,662</u>	
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**Comparative Schedule of Tax Rate Information**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	<u>\$2.75</u>	<u>\$2.80</u>	<u>\$2.77</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	0.22	0.22	0.18
County	0.92	0.91	0.94
Local School	0.92	0.86	0.81
Regional High School	0.68	0.79	0.81
Municipal Open Space Tax	0.01	0.03	0.03

Assessed Valuation:

<u>Year</u>	<u>Amount</u>
2011	\$157,761,741
2010	\$157,065,887
2009	\$157,710,100

**Comparison of Tax Levies and Collection Currently**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2011	\$4,338,016	\$4,196,203	96.73%
2010	\$4,414,719	\$4,255,907	96.40%
2009	\$4,378,002	\$4,252,107	97.12%

**Delinquent Taxes and Tax Title Liens**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>Dec.31 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$37,409	\$124,084	\$161,493	3.72%
2010	\$42,994	\$164,749	\$207,743	4.71%
2009	\$43,011	\$146,258	\$189,269	4.32%

**Property Acquired by Tax Title Lien Liquidation**

The value of property acquired by liquidation of tax title liens on Decemer 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2011	NONE
2010	NONE
2009	NONE

**Comparitive Schedule of Fund Balances**

<u>Year</u>	<u>Balance December 31</u>	<u>Regular</u>	<u>Utilized In Budget of Succeeding Year</u>	
				<u>Defer School Tax</u>
2011	\$ 187,476	\$ 58,836		\$46,562
2010	\$ 106,662	\$ 64,918		\$38,707
2009	\$ 166,454	\$ 165,000		
2008	\$ 187,084	\$ (38,519)		\$214,396
2007	\$ 318,452	\$ 130,060		\$160,000

**Officials in Office and Surety Bonds**

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Kevin M. Duffy	Mayor		
James Perry	Deputy Mayor		
Alfred Carrazzone	Committeeman		
Judith M. Fisher	Clerk; Registrar of Vital Statistics; Assessment Search Officer	\$40,000	Selective Insurance Co.
Regina McKenna	Tax Collector; Tax Search Officer	\$100,000	Selective Insurance Co.

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name Of Corporate Surety</u>
Amy B. Maronpot	Certified Municipal Finance Officer	\$40,000	Selective Insurance Co.
Michael Lavery	Attorney		
David M. Gill	Assessor		

The minimum bond coverage for the Tax Collector based on prior year tax levies is as follows:

<u>Year</u>	<u>Tax Collector</u>
2011	\$88,588

There is a public employees' blanket bond in the amount of \$1,000,000 provided by JIF Joint Insurance Fund. This bond would cover all officials handling monies, except those officials specifically bonded. Those officials included under the blanket bond are the Clerk, Construction Official, Dog Warden and Planning and Zoning Board of Adjustment Secretaries.

All the bonds were examined and were properly executed.

## **SCHEDULE OF FEDERAL/STATE AWARDS**

**SCHEDULE OF FEDERAL AWARDS**  
FOR THE YEAR ENDED DECEMBER 31, 2011  
N/A

**SCHEDULE OF STATE AWARDS**  
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>STATE GRANTOR/PROGRAM TITLE</u>	<u>ACCOUNT NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>GRANT PERIOD</u>	<u>FUND REF.</u>	<u>CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 1/1/10</u>	<u>RECEIPTS</u>		<u>DISBURSEMENTS</u>	<u>CASH ACCRUED OR DEFERRED REVENUE BALANCE AT 12/31/10</u>	
						<u>PROGRAM</u>	<u>OTHER</u>			
<b><u>DEPT. OF ENVIR. PROTECTION</u></b>										
Solid Waste Admin.-Clean	4900-765-178900	\$ 6,773	2011	A		\$ 6,773	\$ 13		\$ 6,786	
		6,786	2010	A	\$ 6,786			\$ 5,495	1,291	
		6,517	2009	A	5,108			5,108		
Communities Program		5,095	2008	A	565			564	1	
Municipal Drug Alliance	N/A	3,096	2011	A		3,096	555	922	2,729	
		3,444	2010	A	1,983			1,983		
<b><u>DEPT. OF ENVIRONMENTAL PROTECTION</u></b>										
Stormwater Management Grant	WQ05-574	5,000	2008	A	(5,000)				(5,000)	
<b><u>OTHER AWARDS</u></b>										
Recycling Tonnage Grant		952	2011	A		952			952	
NJLM Education Foundation, Inc.	Sustainable Jersey Small Grant	1,000	2010	A	1,000			682	318	
<b>TOTAL STATE ASSISTANCE</b>						<b>\$ 10,442</b>	<b>\$ 10,821</b>	<b>\$ 568</b>	<b>\$ 14,754</b>	<b>\$ 7,077</b>

Note: This Schedule was not subject to an audit in accordance with NJ OMB Circular 04-04

## **STATUS OF PRIOR AUDIT FINDINGS**

**STATUS OF PRIOR AUDIT FINDINGS**

CY  
Occurrence

2010-1 I suggest that all interfunds be transferred to their respective fund.

**STATUS - Finding is reported in CY 2011 and further corrective action required.**

2010-2 I suggest that the aged grants receivables be collected or canceled if necessary.

**STATUS - Finding is reported in CY 2011 and further corrective action required.**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS-  
GENERAL FINDINGS**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**GENERAL FINDINGS**

**Reportable Conditions**

**Segregation of Duties:**

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

Certain functions, including payroll preparation, are handled by one person. While this situation is not unusual in operations the size of the municipality, management should be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

My audit did not reveal any errors or irregularities resulting from this lack of segregation of employees duties and responsibilities.

**Other Findings**

**Ref.#**

**Interfunds:**

I noted various interfund balances at year end.

2011-1(\*) I suggest that all interfunds be transferred to their respective funds.

**Grants Receivable:**

I noted various aged grants receivable for a Storm Water Grant (\$5,000) and an ESP Grant (\$3,000).

2011-2(\*) I suggest that the aged grants receivables be collected or canceled if necessary.

(\*) Prior Year Finding